

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2005-234-E - ORDER NO. 2005-442  
AUGUST 25, 2005

IN RE:	Petition of Duke Power, a Division of Duke	)	ORDER APPROVING
	Energy Corporation to Adopt New Nuclear	)	ACCOUNTING ORDER
	Decommissioning Funding Rates Effective	)	
	January 1, 2005.	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Duke Power, a Division of Duke Energy Corporation (Duke or the Company) requesting approval of an Accounting Order. If approved, the Accounting Order would allow Duke to adopt new nuclear decommissioning funding rates retroactive to and effective January 1, 2005.

On June 11, 2004, Duke filed with this Commission a copy of its 2004 nuclear decommissioning cost study pursuant to Commission Order No. 94-1308 dated December 30, 1994 in Docket No. 91-216-E. In its December 22, 2004, nuclear decommissioning filing, Duke informed the Commission that it had prepared a cost and funding assessment, which determined that the annual South Carolina jurisdictional funding requirement is \$12,322,000, which is \$2,677,000 less than the previous South Carolina jurisdictional funding requirement of \$14,999,000.

By Order issued July 29, 2005, the North Carolina Utilities Commission (NCUC) accepted Duke's 2004 nuclear decommissioning cost and funding report and set Duke's

North Carolina retail jurisdictional funding amount as requested by Duke. Pursuant to Duke's cost and funding report and the NCUC Order, the current initial Duke system annual funding requirement, in round numbers, is \$49,000,000, with \$35,000,000 allocated to North Carolina retail jurisdiction. The NCUC Order bases the North Carolina retail jurisdictional funding amount upon the allocation factor in Duke's cost of service study that is filed annually with the NCUC (71.1761% per the 2003 cost of service study; 70.8989% per the 2004 cost of service study). The NCUC Order implemented the updated nuclear decommissioning funding level effective January 1, 2005, and also requires Duke to reduce its nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs, as requested by Duke.

As a result of Duke's revised nuclear decommissioning South Carolina jurisdictional funding requirement and the NCUC Order, Duke requests that the Commission enter an Accounting Order as follows:

- (a) allowing Duke to implement the new South Carolina jurisdictional nuclear decommissioning funding level and basing future levels upon the annual jurisdictional allocation factor (26.1053% in the 2004 cost of service study);
- (b) allowing Duke to reduce its nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs; and
- (c) allowing Duke to implement the new nuclear decommissioning funding level effective January 1, 2005.

According to Duke, the adoption and implementation of the new nuclear depreciation funding rates will not involve a change to any of Duke's rates or prices, or

any Commission rule, regulation or policy. In addition, Duke notes that issuance of the requested Accounting Order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding. Duke agrees that this Accounting Order would not be precedential to future rate setting Orders.

Duke points out that S.C. Code Ann. Section 58-27-870(F)(Supp. 2004) allows this Commission to put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. Duke states its belief that the nuclear depreciation funding rate that Duke requests in the present case fits into this category, therefore no notice and/or hearing is necessary under the law. No change to any of Duke's rates or prices, or any Commission rule, regulation or policy will result. We agree with Duke that the present nuclear depreciation funding rate matter does not require notice or hearing, pursuant to this statute.

Further, we believe that the requested Accounting Order should be granted as requested by the Company. It is clear to us that this is necessary to conform the jurisdictional nuclear depreciation funding level to the annual jurisdictional allocation factor as shown in the 2004 cost of service study, and to base future levels on this factor. Further there is a need to reduce the nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs. We would note that issuance of this Order does not prejudice any party's right to address this issue in a future rate proceeding, nor is it precedential for any future rate setting Orders. Accordingly, we hereby issue and approve this Accounting Order:


- (a) allowing Duke to implement the new South Carolina jurisdictional nuclear decommissioning funding level and basing future levels upon the annual jurisdictional allocation factor (26.1053% in the 2004 cost of service study);
- (b) allowing Duke to reduce its nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs; and
- (c) allowing Duke to implement the new nuclear decommissioning funding level effective January 1, 2005.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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Randy Mitchell, Chairman

ATTEST:

  
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G. O'Neal Hamilton, Vice-Chairman

(SEAL)